

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
SENATE SUBSTITUTE FOR  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 781**  
**89TH GENERAL ASSEMBLY**

Reported from the Committee on Education - Elementary & Secondary, April 21, 1998, with recommendation that the House Committee Substitute for Senate Substitute for Senate Committee Substitute for Senate Bill No. 781 Do Pass.  
ANNE C. WALKER, Chief Clerk  
L2966.18C

**AN ACT**

To repeal sections 160.538, 162.081, 162.571, 162.581, 162.601, 162.621, 162.935, 163.161, and 168.221, RSMo 1994, and sections 163.011, 163.031, 165.016 and 166.275, RSMo Supp. 1997, relating to education, and to enact in lieu thereof twenty-three new sections relating to the same subject with a contingent effective date for certain sections.

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 160.538, 162.081, 162.571, 162.581, 162.601, 162.621, 162.935, 163.161 and 168.221, RSMo 1994, and sections 165.016 and 166.275, RSMo Supp. 1997, are repealed and twenty new sections enacted in lieu thereof, to be known as sections 135.348, 160.538, 160.540, 160.542, 161.220, 162.081, 162.571, 162.581, 162.601, 162.621, 162.626, 162.935, 162.1100, 163.161, 165.016, 165.122, 166.275, 168.221, 168.420 and 1, to read as follows:

**135.348. 1. As used in this section, the following terms mean:**

(1) "Approved program", a sponsorship and mentoring program established pursuant to this section and approved by the department of elementary and secondary education;

(2) "Eligible student", a resident pupil of a school district who is determined by the local school board to be eligible to participate in a sponsorship and mentoring program pursuant to this section and who participates in such program for no less than eight calendar months in the tax year for which a return is filed claiming a credit authorized in this section;

(3) "Net expenditures", only those amounts paid or incurred for the participation of an eligible student participating in an approved sponsorship and mentoring program less any amounts received by the qualified taxpayer from any source for the provision of a sponsorship and mentoring program for an eligible student;

(4) "Qualified taxpayer", an employer who makes expenditures pursuant to this section.

**2. For taxable years commencing on or after January 1, 1998, a qualified taxpayer shall be allowed a credit against the tax imposed by chapter 143, RSMo, exclusive of the provisions relating to the withholding of tax as provided in sections 143.191 to 143.265, RSMo, to the extent of the lesser of two thousand dollars times the number of eligible students for which the**

**EXPLANATION—Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

qualified taxpayer is allowed a credit pursuant to this section or the net expenditures made directly or through a fund during a taxable year by the qualified taxpayer for the participation of an eligible student in an approved sponsorship and mentoring program established pursuant to this section. No credit shall be allowed for any amounts for which any other credit is claimed or allowed under any other provision of state law for the same net expenditures.

3. The tax credit allowed by this section shall be claimed by the qualified taxpayer at the time such taxpayer files a return and shall be applied against the income tax liability imposed by chapter 143, RSMo, after all other credits provided by law have been applied. Where the amount of the credit exceeds the tax liability, the difference between the credit and the tax liability shall not be refundable but may be carried forward to any of the taxpayer's four subsequent taxable years.

4. The department of elementary and secondary education shall establish, by rule, guidelines and criteria for approval of sponsorship and mentoring programs established by school districts and for determining the eligibility of students for participation in sponsorship and mentoring programs established pursuant to this section. Such determinations for eligibility of students shall be based upon a definition of an at-risk student as established by the department by rule.

5. A local school board may establish a sponsorship and mentoring program and apply to the department of elementary and secondary education for approval of such program. A tax credit may only be received pursuant to this section for expenditures for sponsorship and mentoring programs approved by the department. The school board of each district which has an approved program shall annually certify to the department of elementary and secondary education the number of eligible students participating in the program. The principal of any school in a district which has an approved program may recommend, to the local school board, those students who do not meet the definition of "at-risk" students established pursuant to this section, and the school board may submit the names of such students and the circumstances which justify the student's participation in an approved program to the department of elementary and secondary education for approval of such student's participation. If approved by the department, such students shall be considered eligible students for participation in an approved program.

6. The department of elementary and secondary education shall provide written notification to the department of revenue of each eligible student participating in an approved program pursuant to this section, the student's school district, the name of the qualified taxpayer approved to receive a tax credit on the basis of such eligible student's participation in an approved program pursuant to this section and the amount of such credit as determined in subsection 2 of this section. This section is subject to appropriations.

160.538. 1. By July 1, 1996, the state board of education shall develop a procedure and criteria for determining that a school in a school district is "academically deficient". In making such a determination for any school, the state board of education shall consider the results for the school from the assessment system developed pursuant to the provisions of section 160.518 together with the results from the education audit performed under subsection 2 of this section. **In establishing a procedure and criteria for determining that a school is academically deficient pursuant to section 160.538, the state board of education shall not use the location of a school nor the number of deficient schools in a district as criteria in such determinations.**

2. (1) Prior to a decision that a school is academically deficient, the state board of education shall appoint an audit team of at least ten persons to conduct an education audit of the school to determine the factors that have contributed to the lack of student achievement at the school as measured by the district assessment system and make a finding as to whether the school is academically deficient. The specific standards and implementation of the education audit shall be pursuant to rules adopted by the state board of education.

(2) The audit team shall report its findings to the state board. If the audit team finds that the school is academically deficient, then the state board shall declare the school to be academically deficient.

(3) Following a decision that a school is academically deficient, the state board of education shall, within sixty days, appoint a management team of at least ten persons to conduct any necessary investigations and make any recommendations the team believes are appropriate for the administration and management of the school necessary to promote student achievement and any additional resources which are required. Funds shall be provided, upon appropriation, under subsection 2 of section 160.530 for the operation of the audit and management teams and resources needed in the district.

(4) In the appointment of the audit and management teams, the state board of education shall appoint such persons so that at least fifty percent of the team is composed of active classroom teachers at the elementary, middle or secondary level grades. Further, no more than two persons of said team may be employees of the department of elementary and secondary education. At least one member of the team shall be a public school superintendent from another district.

(5) The management team shall report its findings and recommendations to the state board within sixty school days. The commissioner of education shall, subject to availability of resources, provide resources to the district as recommended by the management team. The management team report may also include recommendations for one or more of the following: **[conducting] conduct** a recall election for each member of the district school board[, suspension of]; **suspend** indefinite contracts for certificated staff in the school and a one-year maximum length for new or renewal of contracts for the superintendent or the principal of the school; **require that the district develop a plan for the recruitment and retention of high quality teachers and administrators within the district; or appoint a school accountability council to monitor one or more school buildings in the district.** The education audit team shall reevaluate the school two years after the filing of the management team report. No recall election, suspension of indefinite contract or maximum contract length limit may be imposed unless the audit team determines that the school is still academically deficient.

(6) The commissioner of education shall, upon such recommendation by the management team and upon approval by the state board of education, but only in the case where the education audit team finds the school academically deficient in its reevaluation audit under subdivision (5) of this subsection, order an election in the district to be held for the purpose of conducting a recall election of all members of the district school board. The recall election shall be held on the next available election day thereafter as provided under section 115.123, RSMo, and shall be conducted pursuant to chapter 115, RSMo, except as otherwise provided herein.

3. (1) A district school board member of a district which contains a school declared academically deficient may be removed by the voters in a recall election. Such election shall be held upon the submission of a petition signed by voters of the district equal in number to at least twenty-five percent of the number of persons voting at the last preceding election to elect a district

board member. The petition shall be filed with the election authority and the secretary of the district board of education, which petition shall contain a general statement of the grounds for which the removal is sought. The signatures to the petition need not all be appended to one paper, but each signer shall add to his signature his place of residence, giving the street and number. One of the signers of each such paper shall make oath before an officer competent to administer oaths that the statements therein made are true as he believes and that each signature to the paper appended is the genuine signature of the person whose name it purports to be.

(2) Within ten days from the date of filing such petition the election authority shall examine and ascertain whether said petition is signed by the requisite number of voters; and he shall attach to the petition his certificate, showing the result of the examination. If the petition is shown to be insufficient, it may be amended within ten days from the date of said certificate. The election authority shall, within ten days after such amendment, make like examination of the amended petition and, if his certificate shall show the same to be insufficient, it shall be returned to the person filing the same, without prejudice, however, to the filing of a new petition to the same effect. If the petition shall be deemed to be sufficient, the election authority shall submit the same to the district board without delay. If the petition shall be found to be sufficient, the district board shall order the question to be submitted to the voters of the district.

(3) If a majority of the voters vote in favor of retaining the member, he shall remain in office and shall not be subject to another recall election during his term of office except as provided in subsection 2 of this section. If a majority of voters vote to remove the member, his successor shall be chosen as provided in section 162.261, RSMo.

4. Under subdivision (5) of subsection 2 of this section, a district board of education may suspend indefinite contracts and issue probationary contracts to all certificated staff in a school declared academically deficient. However, no such indefinite contract for any person may be suspended without providing the person an opportunity for a due process hearing, conducted according to the provisions of chapter 536, RSMo, and only after the school board demonstrates that the performance of the person's duties contributed to the school meeting the criteria for being declared academically deficient. The district board of any school which is declared academically deficient shall not issue new contracts or renew contracts to either the superintendent or the principal of the academically deficient school for a period of longer than one year. The provisions of other law to the contrary notwithstanding, a probationary teacher in a school declared academically deficient shall not be granted an indefinite contract until one year after such school is no longer determined to be academically deficient, and the probationary teacher meets all other requirements for permanent status required by law.

**5. (1) Pursuant to subdivision (5) of subsection 2 of this section, a district board of education may appoint a school accountability council for one or more buildings within the district.**

**(2) The school accountability council may monitor implementation of an instructional resource reallocation plan within the areas of deficiency identified by the state board of education.**

**(3) The school accountability council shall consist of seven members, with no fewer than four members being the parent or guardian of a student currently enrolled in the school building.**

**(4) If the district board of education fails to appoint a school accountability council pursuant to this subsection, then the state board of education may appoint the council.**

**6. An instructional resource reallocation plan for any school building shall provide for the focusing of any discretionary local, state or federal funds available to the school on the areas of academic deficiency. The instructional resource reallocation plan shall address:**

**(1) Instruction in math and reading if performance by students in those areas under the assessment system developed pursuant to section 160.518 is such that the percentage of the subject school's students scoring at step 1 of the assessment scale is at least twice the percentage of students statewide scoring at step 1 of the assessment scale;**

**(2) Professional development to improve instruction in the areas of academic deficiency or in areas where the number of certificated staff teaching one or more classes outside of their area of certification results in ten percent or more of the students within the school building being taught by teachers outside their areas of certification;**

**(3) Special education and related services and the level of integration of children with disabilities within the regular education curriculum where the percentage of students eligible to receive services under the Individuals With Disabilities Education Act and scoring at step 1 of the assessment scale of the assessment system developed pursuant to section 160.518 is at least twice the percentage of students statewide who are eligible to receive services under the Individuals With Disabilities Education Act and who score at step 1 of the assessment scale;**

**(4) Any waivers required for implementation of the plan to be requested on behalf of the district from the state board of education.**

**7. The school accountability council shall report annually to the state board of education with regard to the implementation of the instructional resources reallocation plan until such time as the academic deficiencies are addressed.**

**8. Notwithstanding any other provision of law to the contrary, any district which has one or more buildings declared academically deficient shall provide summer school programming to any student making application in those areas identified as an area of concern by the school audit team pursuant to subsection 2 of this section.**

**9. (1) Subject to appropriation, the state board of education may establish a program of financial aid for prospective teachers to assist schools identified as academically deficient.**

**(2) This program may include tuition reimbursement for current teachers and student loan forgiveness for new teachers employed within the district based upon their term of service in the district.**

**(3) Financial aid shall be provided in those areas of instruction where certificated staff are teaching one or more classes outside of their area of certification.**

**160.540. 1. In any school district whose graduation rate, as defined in section 163.011, RSMo, is below sixty-five percent, the district school board shall determine which schools in the district meet the criteria set forth pursuant to section 160.538 as being academically deficient, based on the results of the assessment system developed pursuant to section 160.518, whether or not the state board of education has made a finding that the schools are academically deficient. With respect to any such school, notwithstanding any provision of state law or regulation, district rule or regulation, or contract, the school district board shall have the authority to suspend or terminate contracts of certificated staff, the principal and any administrators having responsibility for the school and to reconstitute the school with new teachers and administrative staff. The authority granted herein shall not preclude the district board from offering contracts to individual teachers or administrators as the board may deem appropriate. Any termination of a contract of an individual permanent teacher pursuant to**

this section shall be subject to the procedures of sections 168.114 to 168.120, RSMo, or section 168.221, RSMo, whichever is applicable to such contract.

2. In any school district subject to the provisions of subsection 1 of this section, the district shall develop a program of incentives and rewards for teachers who contribute to a successful effort to prevent schools from becoming academically deficient as defined in this section or to remove schools that have been so identified from that category. The district's plan shall be subject to approval by the commissioner of education and may include, but shall not be limited to, bonuses, opportunities for staff development and the granting of status as master teachers.

160.542. 1. There is hereby established within the department of elementary and secondary education, the "Research-based Reform Program", to be administered by the commissioner of education. The program shall consist of grant awards made to public schools from funds appropriated by the general assembly, demonstrating a commitment to undertake whole-school reforms that research has shown to be effective in improving student performance and sustaining measurable improvement after implementation. Grants shall require a matching contribution from the school district in which the school is located and shall run for up to three years. Funding for the second year shall be contingent upon each school's performance in setting up the chosen program, and funding for the third year shall be contingent upon second-year performance.

2. The state board of education shall promulgate rules for the initial approval, second and third-year funding of grants made under the program. The rules shall contain a method for determining the amount of the matching funds required from the district in which the grantee school is located. Such rules shall include a list of research-based reform programs that the state board of education determines can be reliably replicated under urban, suburban and rural conditions. The list shall be coordinated with the federal Comprehensive School Reform Initiative to enable Missouri schools to be eligible for the moneys made available by the federal program. The department shall develop a method to evaluate the effectiveness of each school's implementation of the chosen research-based program for purposes of granting or denying second-year funding.

3. The grant program shall provide sufficient technical assistance to ensure that small schools that lack personnel with expertise in applying for grants are not prevented from applying. Added priority shall be given to schools which have been designated as academically deficient pursuant to section 160.538, RSMo. Added priority shall be given to groups of schools that form consortia for the purpose of applying for the grant funds as a means of encouraging schools in isolated areas to participate. However, nothing in this subsection shall be construed as prohibiting consortia in more densely populated areas of the state from seeking such priority on grants under this program.

4. The commissioner of education shall develop a procedure for evaluating the effectiveness of the program described in this section. Such evaluation shall be conducted annually with the results of the evaluation provided to the governor, the speaker of the house of representatives and the president pro tempore of the senate.

5. No rule or portion of a rule promulgated pursuant to the authority of this section shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo.

161.220. Beginning December 15, 1999, and annually by that date in each following

year, the state board of education shall report to the general assembly on the retention and recruitment of teachers in state's schools. The report shall include, but not be limited to, information on the numbers of teachers entering and leaving employment in the public schools of the state, analysis of the issues affecting teacher recruitment, and suggestions for meeting predicted needs of numbers of teachers and in areas of certification.

162.081. 1. Whenever any school district in this state fails or refuses in any school year to provide for the minimum school term required by section 163.021, RSMo, or is classified unaccredited for two successive school years by the state board of education, its corporate organization shall lapse. The corporate organization of any school district that is classified as unaccredited shall lapse on June thirtieth [following] of the second **full school year** of such unaccredited classification **after the school year during which the unaccredited classification is initially assigned**. The territory theretofore embraced within any district that lapses pursuant to this section or any portion thereof[, shall] **may** be attached to any district for school purposes by the state board of education; but no school district, except a district classified as unaccredited pursuant to section 163.023, RSMo, and section 160.538, RSMo, shall lapse where provision is lawfully made for the attendance of the pupils of the district at another school district that is classified as provisionally accredited or accredited by the state board of education.

2. [When] **Prior to or at the time** any school district in this state shall lapse, [prior to a determination by the state board of education to attach the territory of the district to any district for school purposes,] **but after the school district has been classified as unaccredited**, the department of elementary and secondary education shall conduct a public hearing at a location in the **unaccredited** school district [that has lapsed. The purpose of the public hearing shall be to receive information from the voters of the school district that has lapsed pertaining to the school district or districts that should be considered to receive territory of said lapsed district.

3.] **for the purpose of making recommendations to the state board of education with regard to the unaccredited district. That hearing shall review, but not be limited to:**

- (1) **Any plan by the district to return to accredited status;**
- (2) **Any technical assistance that can be provided to the district; or**
- (3) **If a return to accredited status is not anticipated by the school district, any plan for interim operation of the district prior to the lapse of the unaccredited district.**

3. **Based upon the recommendation of the department, the state board of education may appoint a special administrative board to supervise the financial operations, maintain and preserve the financial assets or, if warranted, continue operation of the educational programs within the lapsed district or what provisions might otherwise be made in the best interest of the education of the children of the district. The special administrative board shall consist of two persons who are residents of the school district, who shall serve without compensation, and a professional administrator, who shall chair the board and shall be compensated, as determined by the state board of education, in whole or in part with funds from the lapsed district.**

4. **Upon appointment and prior to the time any school district in this state shall lapse, the special administrative board shall:**

- (1) **Approve any increase in debt liability or the making of any contract;**
- (2) **Approve any budget proposed by the unaccredited district's board of education;**
- (3) **Approve any sale or lease of property of the district or any other disposal of district property, including district records; and**

(4) Approve any expenditure by the district that exceeds five hundred dollars.

5. Upon lapse of the district, the state board of education may:

(1) Authorize the special administrative board to retain the authority granted to a board of education for the operation of all or part of the district;

(2) Attach the territory of the lapsed district to another district or districts for school purposes; or

(3) Establish one or more school districts within the territory of the lapsed district, with a governance structure consistent with the laws applicable to districts of a similar size, which shall take effect sixty days after the adjournment of the regular session of the general assembly next following the state board's decision unless a statute or concurrent resolution is enacted to nullify the state board's decision prior to such effective date.

The special administrative board may retain the authority granted to a board of education for the operation of the lapsed school district under the laws of the state in effect at the time of the lapse.

6. The authority of the special administrative board shall expire at the end of the third full school year following its appointment, unless extended by the state board of education for a period of one additional school year. If the lapsed district is reassigned, the special administrative board shall provide an accounting of all funds, assets and liabilities of the lapsed district and transfer such funds, assets, and liabilities of the lapsed district as determined by the state board of education.

7. Upon recommendation of the special administrative board, the state board of education may assign the funds, assets and liabilities of the lapsed district to another district or districts. Upon assignment, all authority of the special administrative board shall transfer to the assigned districts.

8. Neither the special administrative board nor any district or other entity assigned territory, assets or funds from a lapsed district shall be considered a successor entity for the purpose of employment contracts, unemployment compensation payment pursuant to section 288.110, RSMo, or any other purpose.

9. If additional teachers are needed by a district as a result of increased enrollment due to the annexation of territory of a lapsed or dissolved district, such district shall grant an employment interview to any permanent teacher of the lapsed or dissolved district upon the request of such permanent teacher.

162.571. Every city in this state, not within a county, together with the territory now within its limits, or which may in the future be included by any change thereof, constitutes a single metropolitan school district, and is a body corporate. **Except as otherwise provided in section 162.621**, the supervision and government of public schools and public school property therein is vested in a board [of twelve members], to be known as "The Board of Education of . . . . . . . . . . ." (in which title the name of the city shall be inserted). The board of education, by and in that name, may sue and be sued, purchase, receive, hold and sell property, and, **except as otherwise provided in section 162.621**, do all things necessary to accomplish the purpose for which the school district is organized. All titles to property granted to the city by the United States or this state for school purposes, and the title to all school lands and other property of every kind, is vested in the board of education established by this law.

162.581. 1. The members of the board of education shall be elected from the city at large,



**to represent subdistricts as provided in section 162.601**, on a general ticket, and shall be at least twenty-four years of age, citizens and residents of the city, and shall have been residents and citizens for at least three years immediately preceding their election. They shall not hold any office, except that of notary public, in the city or state, nor be interested in any contract with or claim against the board, either directly or indirectly. If at any time after the election of any member of the board he becomes interested in any contract with or claim against the board, either directly or indirectly, or as agent or employee of any individual, firm or corporation, which is so interested, he shall thereupon be disqualified to continue as a member of the board, and shall continue to be so disqualified during the remainder of the term for which he was elected.

2. Every member of the board, before assuming the duties of his office, shall take oath before a circuit or associate circuit judge of the city, which oath shall be kept of record in the office of the board, that he possesses all the qualifications required by this section, and that he will not, while serving as a member of the board, become interested in any contract with or claim against the board, directly or indirectly, or as agent or employee of any individual, firm or corporation which is so interested, and that he will not be influenced, during his term of office, by any consideration except that of merit and fitness in the appointment of officers and the engagement of employees.

3. No compensation shall be paid to the members of the board, but they are exempt from service as election officers during the term of office.

**162.601. 1. Elected members of the board in office on the effective date of this section shall hold office for the length of term for which they were elected.**

**2. No board members shall be elected at the first municipal election in an odd-numbered year next following the effective date of this section.**

**3. Three board members shall be elected at the second municipal election in an odd-numbered year next following the effective date of this section to serve four-year terms.**

**4. Four board members shall be elected at the third municipal election in an odd-numbered year next following the effective date of this section, and two of such members shall be elected to four-year terms and two of such members shall be elected to three-year terms.**

**5. Beginning with the fourth municipal election in an odd-numbered year next following the effective date of this section, and at each succeeding municipal election in a year during which board member terms expire, there shall be elected [at each municipal election in odd-numbered years four] members of the board of education, who shall assume the duties of their office at the first regular meeting of the board of education after their election, and who shall hold office for [six] four years, and until their successors are elected and qualified.**

**6. Members of the board of directors shall be elected to represent seven subdistricts. The subdistricts shall be established by the state board of education to be compact, contiguous and as nearly equal in population as practicable. The subdistricts shall be revised by the state board of education after each decennial census and at any other time the state board determines that the district's demographics have changed sufficiently to warrant redistricting.**

**7. A member shall reside in the subdistrict which the member is elected to represent; provided, however that all members shall be elected at-large.**

**8. In addition to the seven persons elected as provided in this section, two other board members shall be elected at large to serve four-year terms. One at-large member shall be elected at the second municipal election in an odd-numbered year next following the effective date of this section, and the other at-large member shall be elected at the third municipal election in an odd-numbered year next following the effective date of this section.**

**9. No one may run for school board who is employed by the school district or who is related to an employee of the school district within the second degree of affinity or consanguinity.**

162.621. **1.** The board of education shall have general and supervising control, government and management of the public schools and public school property of the district in the city and shall exercise generally all powers in the administration of the public school system therein. The board of education has all the powers of other school districts under the laws of this state except as herein provided and shall perform all duties required by general laws of school districts so far as they are applicable to the public school affairs of the city and are consistent with this law. It shall appoint the officers, agents and employees it deems necessary and proper and fix their compensation. The board of education may:

(1) Make, amend and repeal rules and bylaws for its meetings and proceedings, for the government, regulation and management of the public schools and school property in the city, for the transaction of its business, and the examination, qualification and employment of teachers, which rules and bylaws are binding on the board of education and all parties dealing with it until formally repealed;

(2) Fix the time of its meetings;

(3) Provide for special and standing committees;

(4) Levy taxes authorized by law for school purposes;

(5) Invest the funds of the district;

(6) Purchase and hold all property, real and personal, deemed by it necessary for the purposes of public education;

(7) Build and construct improvements for such purposes, and sell the same;

(8) Provide for the gratuitous transportation of pupils to and from schools in cases where by reason of special circumstances pupils are required to attend schools at unusual distances from their residences.

**2. Except as otherwise provided in this subsection, the powers granted in subsection 1 of this section shall be vested in the special administrative board of the transitional school district containing the city not within a county if the school district loses its accreditation from the state board of education. Thereafter, such powers shall immediately revert to the board of directors of the school district for any period of time for which no transitional school district containing the city not within a county is in existence. The board of directors of the school district shall, at all times, retain auditing and public reporting powers.**

**162.626. There is hereby established in the metropolitan school district a pilot program of multi-year teacher-student groupings. The program shall be implemented in no less than twenty schools in the district and shall be implemented for no less than five consecutive years in each of such schools and in at least six classrooms in each of such schools. Nothing in this section shall be construed to preclude the participation of middle schools. The program shall seek to improve student learning by providing a long-term relationship between the student and a particular teacher. The board shall develop a plan for grade level groups throughout which participating classes shall maintain the same group of students with the same teacher for multiyear periods. The plan shall provide for voluntary participation by students. The board shall establish a policy and a procedure to review and act upon requests by a student or the parent of a student that the student be transferred to a different class with a different teacher. All policies and plans established by the board pursuant to this subsection shall be**

**subject to review and approval of the state board of education.**

162.935. 1. Each special district formed under provisions of sections 162.670 to [162.995] **162.999** shall receive an amount for each eligible pupil equal to the sum of the amounts received by all districts comprising the special district for the current school year under provisions of section 163.031, RSMo, divided by the total number of eligible pupils in the schools of such districts. A student enrolled in classes or programs in both the special district and a component district or a pupil enrolled in a local district who needs itinerant or temporary services provided by the special district shall continue his enrollment in the local district for purposes of apportionment of state aid on average daily attendance. The special district may include the pupil in classes approved for special categorical aid. The district providing transportation may claim state transportation aid.

2. [The] **Any** special school district **which is in a county of the first classification which has a population greater than nine hundred thousand** is entitled to apportionment of state aid in the same manner as [six-director] **seven-director** school districts even though the tax rate levied by the special school district is less than that required by section 163.021, RSMo.

3. **For the purposes of determining state aid pursuant to section 163.031, RSMo, the operating levy for school purposes of a school district within any special school district which is not in a county of the first classification which has a population greater than nine hundred thousand shall include the operating levy for school purposes of the special school district in which such school district is located, and the district's number of eligible pupils shall reflect the average daily attendance of all pupils resident in the district and educated by the district or by the special school district, or both. The department shall pay the funds so calculated to the school district and the special school district, respectively, in the same proportion as the school district's operating levy or special school district's operating levy, respectively, bears to the total of the operating levies of the school district and the special school district, except this distribution shall not decrease any district's allocation of formula money per eligible pupil below that which the district received for the 1992-93 school year. Such state aid shall constitute foundation formula state aid provided to such special school district pursuant to section 163.031, RSMo.**

162.1100. 1. There is hereby established within each city not within a county a school district to be known as the "Transitional School District of (name of city)", which shall be a body corporate and politic and a subdivision of the state. The transitional school district shall be coterminous with the boundaries of the city in which the district is located. Except as otherwise provided in this section, the transitional school district shall be subject to all laws pertaining to "seven-director districts", as defined in section 160.011, RSMo. The transitional school district shall have the responsibility for those educational programs and policies provided for resident pupils as designated by the governing body of the school district of such city which programs and policies provide for a transition of the educational system and schools of the city from control and jurisdiction of a federal court school desegregation order, decree or agreement to independent local control of the schools of the city by the governing body of the school district in such city.

2. (1) The governing board of the transitional school district shall consist of three residents of the district: One shall be appointed by the governing body of the district, one shall be appointed by the mayor of the city not within a county and one shall be appointed by the president of board of aldermen of the city not within a county. The members of the governing board shall serve without compensation for a term of three years, or until their successors have

been appointed, or until the transitional district is dissolved or terminated. Any tax approved by the voters of the transitional district shall be assigned to the governing body of the school district in a city not within a county after dissolution or termination of the transitional district.

(2) In the event that the state board of education shall declare the school district of a city not within a county to be unaccredited, the member of the governing board of the transitional district appointed by the governing body of the district as provided in subdivision (1) of this subsection shall be replaced by a chief executive officer nominated by the state board of education and appointed by the governor with the advice and consent of the senate. The chief executive officer need not be a resident of the district but shall be a person of recognized administrative ability, shall be paid in whole or in part with funds from the district, and shall have all other powers and duties of any other general superintendent of schools, including appointment of staff. The chief executive officer shall serve for a term of three years or until his successor is appointed or until the transitional district is dissolved or terminated, his salary shall be set by the state board of education.

(3) At least nine months prior to a determination that a metropolitan school district is unaccredited, the state board of education shall give notice to the governing body of the district specifying in detail the deficiencies in the district that will cause a determination of unaccredited status if the deficiencies are not remedied. If the deficiencies are remedied, accreditation shall be continued until the next accreditation cycle as determined by the state board of education.

3. In the event that the school district loses its accreditation, upon the appointment of a chief executive officer, any powers granted to any existing school boards in districts described in subsection 2 of this section on or before the effective date of this section shall be vested with the special administrative board of the transitional school district containing such school district so long as the transitional school district exists, except as otherwise provided in section 162.621.

4. The special administrative board's powers and duties shall include:

(1) Creating an academic accountability plan, taking corrective action in underperforming schools, and seeking relief from state-mandated programs;

(2) Exploration of alternative forms of governance for the district;

(3) Authority to contract with nonprofit corporations to provide for operation of schools;

(4) Oversight of facility planning, construction, improvement, repair, maintenance and rehabilitation;

(5) Authority to establish school site councils to facilitate site-based school management and to improve the responsiveness of the schools to the needs of the local geographic attendance region of the school.

5. The provisions of a final judgment as to the state of Missouri and its officials in a school desegregation case which subjects a district in which a transitional district is located in this state to a federal court's jurisdiction may authorize or require the governing body of a transitional school district established under this section to establish the transitional district's operating levy for school purposes, as defined pursuant to section 163.011, RSMo, at a level not to exceed eighty-five cents per one hundred dollars assessed valuation in the district or a sales tax equivalent amount as determined by the department of elementary and secondary education which may be substituted for all or part of such property tax. The transitional

school district, any other statute to the contrary notwithstanding, shall not be subject to any certificate of tax abatement issued pursuant to sections 99.700 to 99.715, RSMo. Any certificate of abatement issued after the effective date of this act shall not be applicable to the transitional school district. The transitional school district shall not be subject to the provisions of section 162.081, sections 163.021 and 163.023, RSMo, with respect to any requirements to maintain a minimum value of operating levy or any consequences provided by law for failure to levy at least such minimum rate. No operating levy or increase in the operating levy or sales tax established pursuant to this section shall be collected for a transitional school district unless prior approval is obtained from a simple majority of the district's voters. The board of the transitional district shall place the matter before the voters prior to March 31, 1999.

6. (1) The special administrative board established in this section shall develop, implement, monitor and evaluate a comprehensive school improvement plan, and such plan shall be subject to review and approval of the state board of education. The plan shall ensure that all students meet or exceed grade level standards established by the state board of education pursuant to section 160.514, RSMo;

(2) The special administrative board shall establish student performance standards consistent with the standards established by the state board of education pursuant to section 160.514, RSMo, for preschool through grade twelve in all skill and subject areas, subject to review and approval of the state board of education for the purpose of determining whether the standards are consistent with standards established by the state board of education pursuant to section 160.514, RSMo;

(3) All students in the district who do not achieve grade level standards shall be required to attend summer school;

(4) No student shall be promoted to a higher grade level unless that student has a reading ability at or above one grade level below the student's grade level;

(5) The special administrative board established in this section shall develop, implement and annually update a professional development plan for teachers and other support staff, subject to review and approval of the state board of education.

7. The school improvement plan established pursuant to this section shall ensure open enrollment and program access to all students in the district. Students who change residence within the district shall be allowed to continue to attend the school in which they were initially enrolled for the remainder of their education at grade levels served by that school, and transportation shall be provided by the district to allow such students to continue to attend such school of initial enrollment.

8. To the extent practicable, the special administrative board shall ensure that per pupil expenditures and pupil-teacher ratios shall be the same for all schools serving students at a given grade level.

9. The special administrative board shall ensure that early childhood education is available throughout the district.

10. The special administrative board shall ensure that vocational education instruction is provided within the district.

11. The special administrative board shall establish an accountability officer whose duty shall be to ensure that academically deficient schools within the district are raised to acceptable condition within two years.

**12. The transitional school district in any city not within a county shall be dissolved on July 1, 2008, unless the state board determines, prior to that date, that it is necessary for the transitional district to continue to accomplish the purposes for which it was created. The state board of education may cause the termination of the transitional school district at any time upon a determination that the transitional district has accomplished the purposes for which it was established and is no longer needed. The state board of education may cause the re-establishment of the transitional school district at any time upon a determination that it is necessary for the transitional district to be re-established to accomplish the purposes established in this section. The state board of education shall provide notice to the governor and general assembly of the termination or re-establishment of the transitional school district and the termination or re-establishment shall become effective thirty days following such determination. Upon dissolution of a transitional school district pursuant to this section, nothing in this section shall be construed to reduce or eliminate any power or duty of any school district or districts containing the territory of the dissolved transitional school district unless such transitional school district is re-established by the state board of education pursuant to this section.**

163.161. 1. Any school district which makes provision for transporting pupils as provided in section 162.621, RSMo, and sections 167.231 and 167.241, RSMo, shall receive state aid for the ensuing year for such transportation on the basis of the cost of pupil transportation services provided the current year. A district shall receive, pursuant to section 163.031, an amount not greater than seventy-five percent of the allowable costs of providing pupil transportation services to and from school and to and from public accredited vocational courses, and shall not receive an amount per pupil greater than one hundred twenty-five percent of the state average approved cost per pupil transported the second preceding school year, except when the state board of education determines that sufficient circumstances exist to authorize amounts in excess of the one hundred twenty-five percent of the state average approved cost per pupil transported the second previous year.

2. The state board of education shall approve all bus routes or portions of routes and determine the total miles each district should have for effective and economical transportation of the pupils and shall determine allowable costs. Under circumstances where the state board approves only a portion of a route, the costs for the disapproved portion shall not be considered allowable costs. The local school board, in its discretion, may continue that portion of the route unless that portion of the route was discontinued by the state board of education for safety reasons. When the local school board decides to continue that portion of the route, costs incurred shall be paid from local money or by the parents of the students living on that portion of the route under consideration. State aid for any other portion of the route which shall otherwise be approved shall not be affected. No state aid shall be paid for the costs of transporting pupils living less than one mile from the school. However, if the state board of education determines that circumstances exist where no appreciable additional expenses are incurred in transporting pupils living less than one mile from school, such pupils may be transported without increasing or diminishing the district's entitlement to state aid for transportation.

3. State aid for transporting handicapped and severely handicapped students attending classes within the school district or in a nearby district under a contractual arrangement shall be paid in accordance with the provisions of section 163.031 and an amount equal to seventy-five percent of the additional cost of transporting handicapped and severely handicapped students above the average per pupil cost of transporting all students of the district shall be apportioned pursuant to section

163.031 where such special transportation is approved in advance by the department of elementary and secondary education. State aid for transportation of handicapped and severely handicapped children in a special school district shall be seventy-five percent of allowable costs as determined by the state board of education which may for sufficient reason authorize amounts in excess of one hundred twenty-five percent of the state average approved cost per pupil transported the second previous year. In no event shall state transportation aid exceed seventy-five percent of the total allowable cost of transporting all pupils eligible to be transported; **provided that no district shall receive reduced reimbursement for costs of transportation of handicapped and severely handicapped children based upon inefficiency.**

4. No state transportation aid received pursuant to section 163.031 shall be used to purchase any school bus manufactured prior to April 1, 1977, that does not meet the federal motor vehicle safety standards.

165.016. 1. A school district shall expend as a percentage of current operating cost, for tuition, teacher retirement and compensation of certificated staff, a percentage that is for the 1994-95 and 1995-96 school years, no less than three percentage points less than the base school year certificated salary percentage and for the 1996-97 school year, no less than two percentage points less than the base school year certificated salary percentage. **A school district may exclude transportation expenditures from the current operating cost calculation of the base year and the year or years for which the compliance percentage is calculated.** The base school year certificated salary percentage shall be the two-year average percentage of the 1991-92 and 1992-93 school years except as otherwise established by the state board under subsection 3 of this section; except that, for any school district experiencing, over a period of three consecutive years, an average yearly increase in average daily attendance of at least three percent, the base school year certificated salary percentage may be the two-year average percentage of the last two years of such period of three consecutive years, at the discretion of the school district.

2. Beginning with the 1997-98 school year, a school district shall:

(1) Expend, as a percentage of current operating cost, **as determined in subsection 1 of this section**, for tuition, teacher retirement and compensation of certificated staff, a percentage that is no less than two percentage points less than the base school year certificated salary percentage; or

(2) For any year in which no payment of a penalty is required for the district under subsection 5 of this section, have an unrestricted fund balance in the combined incidental and teachers funds on June thirtieth which is equal to or less than ten percent of the combined expenditures for the year from those funds.

3. (1) The state board of education may exempt a school district from the requirements of this section upon receiving a request for an exemption by a school district. The request shall show the reason or reasons for the noncompliance, and the exemption shall apply for only one school year. Requests for exemptions under this subdivision may be resubmitted in succeeding years;

(2) A school district may request of the state board a one-time, permanent revision of the base school year certificated salary percentage. The request shall show the reason or reasons for the revision.

4. Any school district requesting an exemption or revision under subsection 3 of this section must notify the certified staff of the district in writing of the district's intent. Prior to granting an exemption or revision, the state board shall consider comments from certified staff of the district. The state board decision shall be final.

5. Any school district which is determined by the department to be in violation of the

requirements of subsection 1 or 2 of this section, or both, shall compensate the building level administrative staff and nonadministrative certificated staff during the year following the notice of violation by an additional amount which is equal to one hundred ten percent of the amount necessary to bring the district into compliance with this section for the year of violation. In any year in which a penalty is paid, the district shall pay the penalty specified in this subsection in addition to the amount required under this section for the current school year.

6. Any additional transfers from the teachers or incidental funds to the capital projects funds beyond the transfers authorized by state law and state board policy in effect on January 1, 1996, shall be considered expenditures from the teachers or incidental fund for the purpose of determining compliance with the provisions of subsections 1 and 2 of this section.

7. The provisions of this section shall not apply to any district receiving state aid pursuant to subsection 6 of section 163.031, RSMo, based on its 1992-93 payment amount per eligible pupil, which is less than fifty percent of the statewide average payment amount per eligible pupil paid during the previous year.

**165.122. 1. The commissioner of education may cause an audit examination to be performed, pursuant to this section, of the enrollment and average daily attendance records of any school district. Such examination shall be made in accordance with generally accepted auditing standards applicable in the circumstances, including such reviews and tests of the system of internal check and control and of the books, records and other underlying data as are necessary to enable the independent accountant performing the audit to come to an informed opinion as to the enrollment and attendance and reporting of the district. A physical count of students shall be a part of the audit. Such physical count shall occur on a date randomly selected without notice to the district. An independent auditor who is not regularly engaged as an employee of the school board shall perform the audit and make a written report of his findings to the commissioner of education and the district school board.**

**2. The actual and necessary costs of the audit shall be paid by the department.**

**166.275. 1. Any amount of the difference by which the total amount appropriated by the state to school districts, in accordance with a judgment or order based on the equal protection clause of the fourteenth amendment to the Constitution of the United States, for fiscal year 1999 is less than the amount appropriated for the same purpose in fiscal year 1994 in addition to any unexpended appropriation for the 1998 fiscal year that results in additional unobligated resources for the state in fiscal year 1999 shall be transferred to the state school moneys fund and distributed in the manner provided in section 163.031, RSMo.**

**2. If the total amount appropriated by the state to school districts, in accordance with a judgment or order based on the equal protection clause of the fourteenth amendment to the Constitution of the United States, for fiscal year [1996] 2000 or any subsequent fiscal year is less than the amount appropriated for the same purpose in fiscal year [1994] 1999, any amount of the difference, in addition to any unexpended appropriation for the prior fiscal year that results in additional unobligated resources for the state beginning in fiscal year [1997, necessary to fund the district entitlements under section 163.031, RSMo, with a district entitlement proration factor no less than one, shall be transferred to the state school moneys fund and distributed in the manner provided in section 163.031, RSMo.] 2000 shall be distributed as follows:**

**(1) Up to the first seventy-five million dollars, or such lesser amount determined by appropriation to be sufficient to fully fund district entitlements pursuant to section 163.031, RSMo, with a proration factor no less than one, of such funds shall be transferred to the state**



**school moneys fund and distributed in the manner provided in section 163.031, RSMo; and**

**(2) Beginning in fiscal year 2000, after distributing funds pursuant to subdivision (1) of this subsection, the next twenty-five million dollars, or such lesser amount determined optional by appropriation to be sufficient, of the remaining funds shall be transferred to fully fund increases in appropriations for transportation categorical aid provided pursuant to line 11 of subsection 6 of section 163.031, RSMo, and any remainder of such twenty-five million dollars shall be transferred to fund other categorical state aid provided pursuant to section 163.031, RSMo; such increase in transportation funding may be placed by districts in their capital projects fund; and**

**(3) After distributing funds pursuant to subdivisions (1) and (2) of this subsection, the next twenty-five million dollars, or such amount determined by appropriation to be sufficient to fully fund district entitlements pursuant to section 163.031, RSMo, with a proration factor no less than one, of such funds shall be transferred to the state school moneys fund and distributed in the manner provided in section 163.031, RSMo; and**

**(4) After distributing funds pursuant to subdivisions (1), (2) and (3) of this subsection, any remaining funds shall be transferred to fully fund categorical state aid provided pursuant to section 163.031, RSMo, for transportation, vocational education, special education, gifted education, remedial reading and implementation costs of assessments established pursuant to section 160.526, RSMo.**

168.221. 1. The first three years of employment of all teachers [and principals] entering the employment of the metropolitan school district shall be deemed a period of probation during which period all appointments of teachers [and principals] shall expire at the end of each school year. During the probationary period any probationary teacher [or principal] whose work is unsatisfactory shall be furnished by the superintendent of schools with a written statement setting forth the nature of his incompetency. If improvement satisfactory to the superintendent is not made within one semester after the receipt of the statement, the probationary teacher [or principal] shall be dismissed. The semester granted the probationary teacher [or principal] in which to improve shall not in any case be a means of prolonging the probationary period beyond three years and six months from the date on which the teacher [or principal] entered the employ of the board of education. The superintendent of schools on or before the fifteenth day of April in each year shall notify probationary teachers [or principals] who will not be retained by the school district of the termination of their services. Any probationary teacher [or principal] who is not so notified shall be deemed to have been appointed for the next school year.

2. After completion of satisfactory probationary services, appointments of teachers [and principals] shall become permanent, subject to removal for any one or more causes herein described and to the right of the board to terminate the services of all who attain the age of compulsory retirement fixed by the retirement system. In determining the duration of the probationary period of employment in this section specified, the time of service rendered as a substitute teacher [or substitute principal] shall not be included.

3. No teacher [or principal] whose appointment has become permanent may be removed except for one or more of the following causes: Immorality, inefficiency in line of duty, violation of the published regulations of the school district, violation of the laws of Missouri governing the public schools of the state, or physical or mental condition which incapacitates him for instructing or associating with children, and then only by a vote of not less than a majority of all the members of the board, upon written charges presented by the superintendent of schools, to be heard by the board

after thirty days' notice, with copy of the charges served upon the person against whom they are preferred, who shall have the privilege of being present, together with counsel, offering evidence and making defense thereto. Notifications received by an employee during a vacation period shall be considered as received on the first day of the school term following. At the request of any person so charged the hearing shall be public. The action and decision of the board upon the charges shall be final. Pending the hearing of the charges, the person charged may be suspended if the rules of the board so prescribe, but in the event the board does not by a majority vote of all the members remove the teacher [or principal] upon charges presented by the superintendent, the person shall not suffer any loss of salary by reason of the suspension. Inefficiency in line of duty is cause for dismissal only after the teacher [or principal] has been notified in writing at least one semester prior to the presentment of charges against him by the superintendent. The notification shall specify the nature of the inefficiency with such particularity as to enable the teacher [or principal] to be informed of the nature of his inefficiency.

4. No teacher [or principal] whose appointment has become permanent shall be demoted nor shall his salary be reduced unless the same procedure is followed as herein stated for the removal of the teacher [or principal] because of inefficiency in line of duty, and any teacher [or principal] whose salary is reduced or who is demoted may waive the presentment of charges against him by the superintendent and a hearing thereon by the board. The foregoing provision shall apply only to permanent teachers [and principals] prior to the compulsory retirement age under the retirement system. Nothing herein contained shall in any way restrict or limit the power of the board of education to make reductions in the number of teachers [or principals, or both,] because of insufficient funds, decrease in pupil enrollment, or abolition of particular subjects or courses of instruction, except that the abolition of particular subjects or courses of instruction shall not cause those teachers who have been teaching the subjects or giving the courses of instruction to be placed on leave of absence as herein provided who are qualified to teach other subjects or courses of instruction, if positions are available for the teachers in the other subjects or courses of instruction.

5. Whenever it is necessary to decrease the number of teachers [or principals, or both,] because of insufficient funds or a substantial decrease of pupil population within the school district, the board of education upon recommendation of the superintendent of schools may cause the necessary number of teachers [or principals, or both,] beginning with those serving probationary periods, to be placed on leave of absence without pay, but only in the inverse order of their appointment. Nothing herein stated shall prevent a readjustment by the board of education of existing salary schedules. No teacher [or principal] placed on a leave of absence shall be precluded from securing other employment during the period of the leave of absence. Each teacher [or principal] placed on leave of absence shall be reinstated in inverse order of his placement on leave of absence. Such reemployment shall not result in a loss of status or credit for previous years of service. No new appointments shall be made while there are available teachers [or principals] on leave of absence who are seventy years of age or less and who are adequately qualified to fill the vacancy unless the teachers [or principals] fail to advise the superintendent of schools within thirty days from the date of notification by the superintendent of schools that positions are available to them that they will return to employment and will assume the duties of the position to which appointed not later than the beginning of the school year next following the date of the notice by the superintendent of schools.

6. If any regulation which deals with the promotion of [either] teachers [or principals, or both,] is amended by increasing the qualifications necessary to be met before a teacher [or principal] is eligible for promotion, the amendment shall fix an effective date which shall allow a reasonable

length of time within which teachers [or principals] may become qualified for promotion under the regulations.

**7. If a principal is removed from that position, he shall retain the tenure rights of a teacher as provided by this section.**

**168.420. 1. The state board of education shall establish, on or before April first of each school year, a schedule of no less than four nor greater than six specific professional development days for the next school year.**

**2. The state board of education shall schedule professional development activities, workshops, conferences and other work sessions for certificated personnel only on the professional development days scheduled for that school year; except that the state board of education may also schedule additional professional development days and professional development activities, workshops, conferences and other work sessions for certificated personnel on Saturdays, Sundays and on any day of the week during the months of June, July or August.**

**3. This section shall apply to professional development days and professional development activities scheduled for the 1999-2000 school year and each school year thereafter, and this section shall not apply to professional development days and professional development activities scheduled for the 1998-99 school year. This section shall not be construed to limit the professional development days scheduled by any school district.**

**Section 1. The board of education of a school district with more than thirty thousand students may develop a plan to be submitted to the voters of the school district to divide the school district into new racially balanced districts and provide boundaries for such new districts.**

Section B. Sections 163.011 and 163.031, RSMo Supp. 1997, are repealed and three new sections enacted in lieu thereof, to be known as sections 162.1060, 163.011 and 163.031, to read as follows:

**162.1060. 1. There is hereby established a metropolitan schools achieving value in transfer corporation, which shall be a public body corporate, for the purpose of implementing an urban voluntary school transfer program within a program area which shall include a city not within a county and any school district located in whole or in part in a county with a population in excess of nine hundred thousand persons which district chooses to participate. The corporation shall be governed by a board of directors consisting of one representative from each school district that participates in the urban voluntary school transfer program selected by the governing body of such district. The vote of each member of the board shall be weighted proportionately to the percentage of the total of transfer students who attend school in the member's district.**

**2. (1) The corporation's board of directors shall design and operate an urban voluntary school transfer program for all participating districts. The board shall make provision for transportation of all the students and for payment to school districts for the education of such students. Acceptance of students into the program shall be determined by policies enacted by the corporation's board of directors, provided that first preference for acceptance of students shall be granted to students currently attending a district other than the district of residence pursuant to a voluntary transfer program established pursuant to federal desegregation order, decree or agreement.**

**(2) Each district, other than a metropolitan school district, participating in an urban**

voluntary school transfer program shall place before voters in the district a proposal to continue participation in the urban voluntary school transfer program at the April election during the fourth year of operation of the program. Unless a majority of district voters voting thereon votes to continue participation in the program, each district, other than a metropolitan school district, shall file a plan, no later than the end of the fifth year of the operation of the program, for phase-out of the district's participation in the program, and such plan shall be provided to the state board of education, the transitional school district and the board of directors of the corporation. Each such plan shall provide for elimination of transfers to the district pursuant to this section no later than the following schedule:

- (a) The seventh year of the program for grades one through three;
- (b) The eighth year of the program for grades four through six;
- (c) The ninth year of the program for grades seven through nine; and
- (d) The tenth year of the program for grades ten through twelve.

3. (1) Other provisions of law to the contrary notwithstanding, each student participating in the program shall be considered an eligible pupil of the district of residence for the purpose of distributing state aid, except that students attending school in a metropolitan school district in a program established pursuant to this section shall be considered eligible pupils of the district attended, and provided that the department shall determine the increased state aid eligibility created by including pupils attending school in a program established pursuant to this section as eligible pupils of the district of residence and shall distribute the full amount of such state aid to the metropolitan schools achieving value in transfer corporation and shall not distribute state aid on the basis of such pupils to the district of residence.

(2) For each student participating in the program, the corporation shall receive the total of all state and federal aid that would otherwise be paid to the student's district of residence, including, but not limited to, state aid provided pursuant to sections 148.360, 149.015, 163.031 and 163.087, RSMo. The corporation shall pay a school district that receives a nonresident student from the funds of the corporation in accordance with the provisions of this section and agreements between the corporation and the participating school districts.

4. (1) In each of the first two fiscal years, the corporation shall also receive a payment of twenty-five million dollars.

(2) For the third year of operation and thereafter, the corporation shall receive transportation state aid, for each student that participates in the program, which shall be in the same amount and on the same basis as would be received by the student's district of residence if the student were attending a school in the attendance zone in the student's district of residence, provided that such reimbursement shall not exceed one hundred fifty-five percent of the statewide average per pupil cost for transportation for the 1997-98 school year.

(3) Funds received by the corporation pursuant to this subsection may be used for any purpose and need not be expended in the year received.

5. The corporation created herein shall have all powers of a public body corporate, except that it shall have no paid employees. The corporation, by contract with any public entity, school district, or private entity, may retain the services of a fiscal agent, make provisions for accounting, transportation management, or other assistance that the corporation may need to carry out its functions except that no contractor or employee of any contractor shall have ever been a contractor or employee of the Voluntary Interdistrict Coordinating Council or any other program established by the Federal District Court; except

that this restriction shall not apply to transportation contractors or their employees. When a school district located in whole or in part in a county with a population in excess of nine hundred thousand persons ceases to participate in the urban public school transfer program, its representative shall be removed from the corporation's board of directors. When none of the students who reside in a school district in a city not within a county opt to participate in the program, the school district's representative shall be removed from the board of directors. When all of the school districts have ended their participation in the program, in accordance with this subsection, the corporation's operations shall cease, and any funds of the corporation remaining shall be paid to the state of Missouri to the credit of the general revenue fund, except such amounts as the commissioner of education shall determine should be paid to particular school districts under the regulations applicable to federal programs or returned to the federal government.

6. All funds received by the corporation shall become funds of the corporation and paid for the purposes set forth in this section and in accordance with agreements entered into between the corporation and participating school districts and other entities, provided that funds received for particular purposes, under federal or state categorical programs benefiting individual students, shall be paid to the district or entity providing services to the students entitled to such services. The proportionate share of federal and state resources generated by students with disabilities, or the staff serving them, shall be paid to the district where the child is attending school, unless the district of residence is required by law to provide such services to the individual students. Funds held by the corporation at the close of a fiscal year may be carried over and utilized by the corporation in subsequent fiscal years for the purposes set forth in this section.

7. The board of directors may establish regional attendance zones which map the regions of a district in a city not within a county to corresponding recipient districts within the remainder of the program area. In establishing the regional attendance zones, the board of directors may solicit comments and suggestions from residents of the program area and may adopt one or more regional attendance zones previously established in the program area pursuant to a federal court desegregation order, decree or agreement.

8. No later than four years following the date an urban public school transfer program is begun pursuant to this section in a program area, the senate and the house of representatives shall establish a "Joint Committee on Urban Voluntary School Transfer Programs", composed of five members of the senate, appointed by the president pro tem of the senate, and five members of the house of representatives, appointed by the speaker of the house. Not more than three members appointed by the president pro tem and not more than three members appointed by the speaker of the house shall be from the same political party.

9. The joint committee may meet as necessary and hold hearings and conduct investigations as it deems advisable. No later than five years following the date an urban voluntary school transfer program is begun pursuant to this section in a program area, the committee shall review and monitor the status of any urban voluntary school transfer program established pursuant to this section and make any recommendations the committee deems necessary to the general assembly regarding such program or programs, which may include proposed changes to the program and recommendations regarding the continuation of the program. The members shall receive no additional compensation, other than reimbursement for their actual and necessary expenses incurred in the performance of their duties. The staff

of the committee on legislative research, house research, and senate research shall provide necessary clerical, research, fiscal and legal services to the committee, as the committee may request.

**10. No later than nine years following the date an urban public school transfer program is begun pursuant to this section in a program area, the "Joint Committee on Urban Voluntary School Transfer Programs" shall be re-established in the form specified in subsection 8 of this section and pursuant to the same provisions for reimbursement of expenses and staff support as specified in subsection 9 of this section. No later than ten years following the date an urban voluntary school transfer program is begun pursuant to this section in a program area, the committee shall review and monitor the status of any urban voluntary school transfer program established pursuant to this section and make any recommendations the committee deems necessary to the general assembly regarding such program or programs.**

163.011. As used in this chapter unless the context requires otherwise:

(1) "Adjusted gross income":

(a) "District adjusted gross income per return" shall be the total Missouri individual adjusted gross income in a school district divided by the total number of Missouri income tax returns filed from the school district as reported by the state department of revenue for the second preceding year;

(b) "State adjusted gross income per return" shall be the total Missouri individual adjusted gross income divided by the total number of Missouri individual income tax returns, of those returns designating school districts, as reported by the state department of revenue for the second preceding year;

(c) "District income factor" shall be one plus thirty percent of the difference of the district income ratio minus one, except that the district income factor applied to the portion of the assessed valuation corresponding to any increase in assessed valuation above the assessed valuation of a district as of December 31, 1994, shall not exceed a value of one;

(d) "District income ratio" shall be the ratio of the district adjusted gross income per return divided by the state adjusted gross income per return;

**(2) "Adjusted operating levy", the sum of tax rates for the current year for teachers and incidental funds for a school district as reported to the proper officer of each county pursuant to section 164.011, RSMo;**

[2] (3) "Average daily attendance" means the quotient or the sum of the quotients obtained by dividing the total number of hours attended in a term by resident pupils between the ages of five and twenty-one by the actual number of hours school was in session in that term. To the average daily attendance of the school term shall be added the full-time equivalent average daily attendance of summer school students. "Full-time equivalent average daily attendance of summer school students" shall be computed by dividing the total number of hours attended by all summer school pupils by the number of hours required in section 160.011, RSMo, in the school term. For purposes of determining average daily attendance under this subdivision, the term "resident pupil" shall include all children between the ages of five and twenty-one who are residents of the school district and who are attending kindergarten through grade twelve in such district. If a child is attending school in a district other than the district of residence and the child's parent is teaching in the school district or is a regular employee of the school district which the child is attending, then such child shall be considered a resident pupil of the school district which the child is attending for such period of time when the district of residence is not otherwise liable for tuition. Average daily attendance for students below the age of five years for which a school district may receive state aid based on such

attendance shall be computed as regular school term attendance unless otherwise provided by law;

**(4) "Current operating costs", all expenditures for instruction and support services excluding capital outlay and debt service expenditures less the revenue from federal categorical sources, food service, student activities and payments from other districts;**

**(5) "District's target rate", the district's average percentage of pupils from fiscal years 2000 to 2005 scoring at or above the proficiency level on the statewide assessment system on either mathematics or reading plus one percent for each year after fiscal year 2005 except that the district's target rate shall not exceed the statewide average percentage from fiscal year 2000 to fiscal year 2005 scoring at or above the proficiency level on the statewide assessment system on either mathematics or reading.**

~~[(3)]~~ **(6) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for debt service;**

~~[(4)]~~ **(7) "Eligible pupils" shall be the sum of the average daily attendance of the school term plus the product of two times the average daily attendance for summer school;**

~~[(5)]~~ **(8) "Equalized assessed valuation of the property of a school district" shall be determined by multiplying the assessed valuation of the real property subclasses specified in section 137.115, RSMo, times the percent of true value as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent and dividing by either the percent of true value as determined by the state tax commission on or before March fifteenth preceding the fiscal year in which the valuation will be effective as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent or the average percent of true value for the highest three of the last four years as determined and certified by the state tax commission, whichever is greater. To the equalized locally assessed valuation of each district shall be added the assessed valuation of tangible personal property. The assessed valuation of property which has previously been excluded from the tax rolls, which is being contested as not being taxable and which increases the total assessed valuation of the school district by fifty percent or more, shall not be included in the calculation of equalized assessed valuation under this subdivision;**

**(9) "Fiscal instructional ratio of efficiency", the quotient of the sum of the district's current operating costs for all kindergarten through grade twelve direct instructional and direct pupil support service functions plus the costs of improvement of instruction and the cost of purchased services and supplies for operation of the facilities housing those programs, excluding student activities, divided by the sum of the district's current operating cost for kindergarten through grade twelve, plus all tuition revenue received from other districts minus all noncapital transportation costs;**

~~[(6)]~~ **(10) "Free and reduced lunch eligible pupil count", the number of pupils eligible for free and reduced lunch on the last Wednesday in January for the preceding school year who were enrolled as students of the district, as approved by the department in accordance with applicable federal regulations;**

**(11) "Graduation rate", the quotient of the number of graduates in the current year as of June thirtieth divided by the sum of the number of graduates in the current year as of June thirtieth plus the number of twelfth graders who dropped out in the current year plus the number of eleventh graders who dropped out in the preceding year plus the number of tenth graders who dropped out in the second preceding year plus the number of ninth graders**

**who dropped out in the third preceding year;**

[(7)] (12) "Guaranteed tax base" means the amount of equalized assessed valuation per eligible pupil guaranteed each school district by the state in the computation of state aid. To compute the guaranteed tax base, school districts shall be ranked annually from lowest to highest according to the amount of equalized assessed valuation per pupil. The guaranteed tax base shall be based upon the amount of equalized assessed valuation per pupil of the school district in which the ninety-fifth percentile of the state aggregate number of pupils falls [during the third preceding year] and, **for fiscal year 1999**, shall be equal to the state average equalized assessed valuation per eligible pupil for the third preceding year times two and one hundred and sixty-seven thousandths, **and for fiscal year 2000 and thereafter, shall be equal to the state average equalized assessed valuation per eligible pupil for the fourth preceding year times two and one hundred and sixty-seven thousandths**. The average equalized assessed valuation per pupil shall be the quotient of the total equalized assessed valuation of the state divided by the number of eligible pupils;

[(8)] (13) "Membership" shall be the average of (1) the number of resident full-time students and the full-time equivalent number of part-time students who were enrolled in the public schools of the district on the last Wednesday in September of the previous year and who were in attendance one day or more during the preceding ten school days and (2) the number of resident full-time students and the full-time equivalent number of part-time students who were enrolled in the public schools of the district on the last Wednesday in January of the previous year and who were in attendance one day or more during the preceding ten school days, plus the full-time equivalent number of summer school pupils. "Full-time equivalent number of part-time students" is determined by dividing the total number of hours for which all part-time students are enrolled by the number of hours in the school term. "Full-time equivalent number of summer school pupils" is determined by dividing the total number of hours for which all summer school pupils were enrolled by the number of hours required pursuant to section 160.011, RSMo, in the school term. Only students eligible to be counted for average daily attendance shall be counted for membership;

[(9)] (14) "Operating levy for school purposes" means the sum of tax rates levied for teachers and incidental funds **plus the operating levy of any transitional school district containing the school district**, in the payment year and shall be, after all adjustments and equalization of the operating levy, [no less than the minimum value required in section 163.021 for eligibility for increases in state aid as calculated pursuant to section 163.031 and] no greater than a maximum value of four dollars and [sixty] **ninety-five** cents per one hundred dollars assessed valuation, **except that the operating levy shall be no greater than a maximum value of four dollars and seventy cents per one hundred dollars assessed valuation for the purposes of line 2 of subsection 6 of section 163.031**. To equalize the operating levy, multiply the aggregate tax rates for teachers, incidental, and building funds by either the percent of true value, as determined by the state tax commission on or before March fifteenth preceding the fiscal year in which the evaluation will be effective as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent, or the average percent of true value for the highest three of the last four years as determined and certified by the state tax commission, whichever is greater, and divide by the percent of true value as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent, provided that for any district for which the equivalent sales ratio is equal to or greater than thirty-three and one-third percent, the equalized operating levy shall be the adjusted operating levy. For any county in which the equivalent sales ratio is less than thirty-one and two-thirds percent, the state tax commission shall conduct a second study



in that county and shall use a sample at least twice as large as the one originally used. If the new ratio is higher than the original ratio provided by this subdivision, the new ratio shall be used for the purposes of this subdivision and for determining equalized assessed valuation pursuant to subdivision (5) of this section. For the purposes of calculating state aid pursuant to section 163.031, for any district which has not enacted a voluntary tax rate rollback nor increased the amount of a voluntary tax rate rollback from the previous year's amount, the tax rate used to determine a district's entitlement shall be adjusted so that any decrease in the entitlement due to a decrease in the tax rate resulting from the reassessment shall equal the decrease in the deduction for the assessed valuation of the district as a result of the change in the tax rate due to reassessment. The tax rate adjustments required under this subdivision due to reassessment shall be cumulative and shall be applied each year to determine the tax rate used to calculate the entitlement; except that whenever the actual current operating levy exceeds the tax rate calculated pursuant to this subdivision for the purpose of determining the district's entitlement, then the prior tax rate adjustments required under this subdivision due to reassessment shall be eliminated and shall not be applied in determining the tax rate used to calculate the district entitlement;

**(15) "Preceding year" or "previous year" means, except in the definition of graduation rate and in any other definition where the context clearly requires otherwise, for fiscal year 1999, the first preceding fiscal year, and, for fiscal year 2000 and thereafter, the second preceding fiscal year;**

[(10)] **(16)** "School purposes" pertains to teachers and incidental funds;

[(11)] **(17)** "Teacher" means any teacher, teacher-secretary, substitute teacher, supervisor, principal, supervising principal, superintendent or assistant superintendent, school nurse, social worker, counselor or librarian who shall, regularly, teach or be employed for no higher than grade twelve more than one-half time in the public schools and who is certified under the laws governing the certification of teachers in Missouri[;

(12) "Adjusted operating levy", the sum of tax rates for the current year for teachers and incidental funds for a school district as reported to the proper officer of each county pursuant to section 164.011, RSMo;

(13) "Current operating costs", all expenditures for instruction and support services excluding capital outlay and debt service expenditures less the revenue from federal categorical sources, food service, student activities and payments from other districts].

163.031. 1. School districts which meet the requirements of section 163.021 shall be entitled to an amount computed as follows: an amount determined by multiplying the number of eligible pupils by the **lesser of the** district's equalized operating levy for school purposes as defined in section 163.011 **or two dollars and seventy-five cents per one hundred dollars assessed valuation** multiplied by the guaranteed tax base per eligible pupil times the proration factor **plus an amount determined by multiplying the number of eligible pupils by the greater of zero or the district's equalized operating levy for school purposes as defined in section 163.011 minus two dollars and seventy-five cents per one hundred dollars assessed valuation multiplied by the guaranteed tax base per eligible pupil times the proration factor**. For the purposes of this section, the proration factor shall be equal to the sum of the total appropriation for distribution under subsections 1 and 2 of this section; and the state total of the deductions as calculated in subsection 2 of this section which do not exceed the district entitlements as adjusted by the same proration factor; divided by the amount of the state total of district entitlements before proration as calculated pursuant to this subsection; **provided that, if the proration factor so calculated is greater than one, the**

**proration factor for line 1(b) shall be the greater of one or the proration factor for line 1(a) minus five-hundredths, and provided that if the proration factor so calculated is less than one, the proration factor for line 1(a) shall be the lesser of one or the proration factor for line 1(b) plus five-hundredths.**

2. From the district entitlement for each district there shall be deducted the following amounts: an amount determined by multiplying the district equalized assessed valuation by the district's equalized operating levy for school purposes times the district income factor plus ninety percent of any payment received the current year of protested taxes due in prior years no earlier than the 1997 tax year minus the amount of any protested taxes due in the current year and for which notice of protest was received during the current year; one hundred percent of the amount received the previous year for school purposes from intangible taxes, fines, forfeitures and escheats, payments in lieu of taxes and receipts from state assessed railroad and utility tax, except that any penalty paid after July 1, 1995, by a concentrated animal feeding operation as defined by the department of natural resources rule shall not be included; one hundred percent of the amounts received the previous year for school purposes from federal properties pursuant to sections 12.070 and 12.080, RSMo; federal impact aid received the previous year for school purposes pursuant to P.L. 81-874 less fifty thousand dollars multiplied by ninety percent or the maximum percentage allowed by federal regulation if that percentage is less than ninety; fifty percent, or the percentage otherwise provided in section 163.087, of Proposition C revenues received the previous year for school purposes from the school district trust fund pursuant to section 163.087; one hundred percent of the amount received the previous year for school purposes from the fair share fund pursuant to section 149.015, RSMo; and one hundred percent of the amount received the previous year for school purposes from the free textbook fund, pursuant to section 148.360, RSMo.

3. School districts which meet the requirements of section 163.021 shall receive categorical add-on revenue as provided in this subsection. There shall be individual proration factors for each categorical entitlement provided for in this subsection, and each proration factor shall be determined by annual appropriations, but no categorical proration factor shall exceed the entitlement proration factor established pursuant to subsection 1 of this section, except that the vocational education entitlement proration factor established pursuant to line 16 of subsection 6 of this section and the educational and screening program entitlements proration factor established pursuant to line 17 of subsection 6 of this section may exceed the entitlement proration factor established pursuant to subsection 1 of this section. The categorical add-on for the district shall be the sum of: seventy-five percent of the district allowable transportation costs pursuant to section 163.161 multiplied by the proration factor; the special education approved or allowed cost entitlement for the district, provided for by section 162.975, RSMo, multiplied by the proration factor; seventy-five percent of the district gifted education approved or allowable cost entitlement as determined pursuant to section 162.975, RSMo, multiplied by the proration factor; **the greater of:** the free and reduced lunch eligible pupil count for the district, as defined in section 163.011, multiplied by twenty percent times the guaranteed tax base per eligible pupil times [the minimum value for an operating levy for school purposes as provided in section 163.011] **two dollars and seventy-five cents per one hundred dollars assessed valuation** times the proration factor **plus the free and reduced lunch eligible pupil count for the district, as defined in this section times thirty percent times the guaranteed tax base per eligible pupil times the following quantity: ((the greater of zero or the district's adjusted operating levy for school purposes minus two dollars and seventy-five cents per one hundred dollars assessed valuation) times one or, beginning in the fifth year following the effective date**

**of this section, the quotient of the district's fiscal instructional ratio of efficiency for the prior year divided by the fiscal year 1998 statewide average fiscal instructional ratio of efficiency, if the district's prior year fiscal instructional ratio of efficiency is at least five percentage points below the fiscal year 1998 statewide average) times the proration factor, minus court-ordered state desegregation aid received by the district for operating purposes;** the career ladder entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo, multiplied by the proration factor; the vocational education entitlement for the district, as provided for in section 167.332, RSMo, multiplied by the proration factor and the district educational and screening program entitlements as provided for in sections 178.691 to 178.699, RSMo, times the proration factor.

4. Each district's apportionment shall be the prorated categorical add-ons plus the greater of the district's prorated entitlement minus the total deductions for the district or zero.

5. (1) In the 1993-94 school year and all subsequent school years, pursuant to section 10(c) of article X of the state constitution, a school district shall adjust upward its operating levy for school purposes to the extent necessary for the district to at least maintain the current operating expenditures per pupil received by the district from all sources in the 1992-93 school year, except that its operating levy for school purposes shall not exceed the highest tax rate in effect subsequent to the 1980 tax year, or the minimum rate required by subsection 2 of section 163.021, whichever is less.

(2) [Beginning with the 1993-94 school year,] The revenue per eligible pupil received by a district from the following sources: line 1 minus line 10[, or zero if line 1 minus line 10 is less than zero, plus] **and** line 14(a) of subsection 6 of this section[; plus the] product of the current assessed valuation of the district multiplied by the following tax rate - the greater of zero or the minimum rate required by subsection 2 of section 163.021 minus the district's equalized operating levy for school purposes for 1993, shall not be less than the revenue per eligible pupil received by a district in the 1992-93 school year from the foundation formula entitlement payment amount. The department of elementary and secondary education shall make an addition in the payment amount of line 19 of subsection 6 of this section to assure compliance with the provisions contained in this section. **A district qualifying for an additional payment pursuant to this section shall receive an amount equal to the revenue per eligible pupil received by the district in the 1992-93 school year from the foundation formula entitlement payment amount plus the amount of line 14(a) of subsection 6 of this section times the quotient of the greater of zero or line 1 minus line 10 divided by the revenue per eligible pupil received by the district in the 1992-93 school year from the foundation formula entitlement payment amount.**

(3) For any school district which meets the eligibility criteria for state aid as established in section 163.021, but which under subsections 1 to 4 of this section, receives no state aid for two successive school years, other than categorical add-ons, by August first following the second such school year, the commissioner of education shall present a plan to the superintendent of the school district for the waiver of rules and the duration of said waivers, in order to promote flexibility in the operations of the district and to enhance and encourage efficiency in the delivery of instructional services. The provisions of other law to the contrary notwithstanding, the plan presented to the superintendent shall provide a summary waiver, with no conditions, for the pupil testing requirements pursuant to section 160.257, RSMo. Further, the provisions of other law to the contrary notwithstanding, the plan shall detail a means for the waiver of requirements otherwise imposed on the school district related to the authority of the state board of education to classify school districts pursuant to section 161.092, RSMo, and such other rules as determined by the commissioner of education, except that such waivers shall not include the provisions established pursuant to sections

160.514 and 160.518, RSMo.

(4) In the 1993-94 school year and each school year thereafter for two years, those districts which are entitled to receive state aid under subsections 1 to 4 of this section, shall receive state aid in an amount per eligible pupil as provided in this subsection. For the 1993-94 school year, the amount per eligible pupil shall be twenty-five percent of the amount of state aid per eligible pupil calculated for the district for the 1993-94 school year pursuant to subsections 1 to 4 of this section plus seventy-five percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1993-94 school year pursuant to subsections 1 to 4 of this section. For the 1994-95 school year, the amount per eligible pupil shall be fifty percent of the amount of state aid per eligible pupil calculated for the district for the 1994-95 school year pursuant to subsections 1 to 4 of this section plus fifty percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1994-95 school year pursuant to subsections 1 to 4 of this section. For the 1995-96 school year, the amount of state aid per eligible pupil shall be seventy-five percent of the amount of state aid per eligible pupil calculated for the district for the 1995-96 school year pursuant to subsections 1 to 4 of this section plus twenty-five percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1995-96 school year pursuant to subsections 1 to 4 of this section. Nothing in this subdivision shall be construed to limit the authority of a school district to raise its district operating levy pursuant to subdivision (1) of this subsection.

(5) If the total of state aid apportionments to all districts pursuant to subdivision (3) of this subsection is less than the total of state aid apportionments calculated pursuant to subsections 1 to 4 of this section, then the difference shall be deposited in the outstanding schools trust fund. If the total of state aid apportionments to all districts pursuant to subdivision (1) of this subsection is greater than the total of state aid apportionments calculated pursuant to subsections 1 to 4 of this section, then funds shall be transferred from the outstanding schools trust fund to the state school moneys fund to the extent necessary to fund the district entitlements as modified by subdivision (4) of this subsection for that school year with a district entitlement proration factor no less than one and such transfer shall be given priority over all other uses for the outstanding schools trust fund as otherwise provided by law.

6. State aid shall be determined as follows:

District Entitlement

- [1.] **1(a).** Number of eligible pupils x (**lesser of** district's equalized operating levy for school purposes **or two dollars and seventy-five cents per one hundred dollars assessed valuation**) x (proration x GTB per EP) ..... \$.....
- 1(b).** **Number of eligible pupils x (greater of: 0, or district's equalized operating levy for school purposes minus two dollars and seventy-five cents per one hundred dollars assessed valuation) x (proration x GTB per EP)**  
..... \$ . . . .

Deductions

- 2. District equalized assessed valuation x district income factor x district's equalized operating levy for school purposes plus ninety percent of any payment received the current year of protested taxes due in prior years no earlier than the 1997 tax year minus the amount of any protested taxes due in the current year and for which notice of

	protest was received during the current year	\$ . . . . .
3.	Intangible taxes, fines, forfeitures, escheats, payments in lieu of taxes, etc. (100% of the amount received the previous year for school purposes)	\$ . . . . .
4.	Receipts from state assessed railroad and utility tax (100% of the amount received the previous year for school purposes)	\$ . . . . .
5.	Receipts from federal properties pursuant to sections 12.070 and 12.080, RSMo (100% of the amount received the previous year for school purposes). . .	\$ . . . . .
6.	(Federal impact aid received the previous year for school purposes pursuant to P.L. 81-874 less \$50,000) x 90% or the maximum percentage allowed by federal regulations if less than 90%	\$ . . . . .
7.	Fifty percent or the percentage otherwise provided in section 163.087 of Proposition C receipts from the school district trust fund received the previous year for school purposes pursuant to section 163.087	. . . . .
8.	One hundred percent of the amount received the previous year for school purposes from the fair share fund pursuant to section 149.015, RSMo	\$ . . . . .
9.	One hundred percent of the amount received the previous year for school purposes from the free textbook fund pursuant to section 148.360, RSMo	\$ . . . . .
10.	Total deductions (sum of lines 2-9)	\$ . . . . .
	Categorical Add-ons	
11.	The amount distributed pursuant to section 163.161 x proration	\$ . . . . .
12.	Special education approved or allowed cost entitlement for the district pursuant to section 162.975, RSMo, x proration	\$ . . . . .
13.	Seventy-five percent of the gifted education approved or allowable cost entitlement as determined pursuant to section 162.975, RSMo, x proration	\$ . . . . .
[14.] 14(a).	Free and reduced lunch eligible pupil count for the district, as defined in section 163.011, x .20 x GTB per EP x [the minimum value for an operating levy for school purposes as provided in section 163.011] <b>\$2.75 per \$100 AV</b> x proration	\$ . . . . .
14(b).	<b>Free and reduced lunch eligible pupil count for the district, as defined in section 163.031 x .30 x GTB per EP x ((the greater of zero or the district's adjusted operating levy minus \$2.75 per \$100 AV) x (1.0 or, beginning in the fifth year following the effective date of this section, the district's FIRE for the prior year/statewide average FIRE for Fiscal Year 1998, if the district's prior year FIRE is at least five percentage points below the Fiscal Year 1998 statewide average FIRE) x proration) - court-ordered state desegregation aid received by the district for operating purposes</b>	\$ . . . . .
15.	Career ladder entitlement for the district as provided for in sections 168.500 to 168.515, RSMo, x proration	\$ . . . . .
16.	Vocational education entitlements for the district as provided in section 167.332, RSMo, x proration	\$ . . . . .
17.	Educational and screening program entitlements for the district as provided in sections 178.691 to 178.699, RSMo, x proration	\$ . . . . .
18.	Sum of categorical add-ons for the district (sum of lines 11-17).	\$ . . . . .
19.	District apportionment (line 18 plus the greater of line 1 minus line 10 or zero)	\$ . . . . .

7. Revenue received for school purposes by each school district pursuant to this section shall be placed in each of the incidental and teachers' funds based on the ratio of the property tax rate in the district for that fund to the total tax rate in the district for the two funds.

**8. Beginning in fiscal year 2005, a school district's funds received pursuant to line 14(b) of subsection 6 of this section shall be reduced by one percent for each full percentage point the percentage of the district's pupils score at or above the proficiency level on either mathematics or reading is below the district's target rate.**

Section C. 1. Section B of this act shall become effective on July 1, 1999, if notification has been provided, no later than March 31, 1999, by the attorney general to the revisor of statutes that a final judgment as to the state of Missouri and its officials is entered or has been entered in each case which subjects one or more school districts in this state to a federal court's jurisdiction.

2. On or within thirty days prior to March 31, 1999, the attorney general shall provide notice to the revisor of statutes as to whether a final judgment as to the state of Missouri and its officials is entered or has been entered in each pending case which subjects one or more school districts in this state to a federal court's jurisdiction, and if the notice provides that a final judgment as to the state of Missouri and its officials has not been entered in each such case, section B of this act shall not become effective and is hereby terminated. As used in this section, "final judgment" shall include only a judgment which disposes of all pending claims involving the state of Missouri and its officials and for which final disposition of appeals has been rendered.

Bill

Copy